

Water Quality Trading Program Feasibility Assessment and Program Design

Kaola Swanson
65 SW Yamhill St., Suite 200
Portland, OR 97204
Telephone: (503) 222-9091 x46
kaola@thefreshwatertrust.org

The integrity of water quality trading programs is critical to their long-term viability as a water resource management tool. Regulated entities interested in water quality trades to comply with permit requirements need assurances that a trading program is a viable option. At the same time, regulators require programs to adhere to standards governing the creation and use of credits while the public expects programs that protect and enhance water quality over the long term. The Freshwater Trust's experience with putting policy and science into the practice of credit-generating water quality trading programs includes a focus on practical market mechanisms enhanced by rigorous quality standards and monitoring.

Using the City of Meridian, Idaho, as a case study, my presentation will focus on the necessary steps a regulated entity should take to evaluate water quality trading as a compliance option. We will summarize the key elements of a water quality trading program including: quality standards, independent verification, credit registration, scaled-up operations, risk management, and long-term monitoring. Once the feasibility of a trading approach is established, program design must be considered in order to develop cost estimates to support decision making.

- Key elements of a water quality trading program
- Feasibility assessment case study: City of Meridian, Idaho
- Eligibility evaluation: near-field and biological impacts
- Policy analysis: supporting regulations and guidance
- Planning for future potential loading: DMR data and population growth
- Credit supply evaluation: nutrient reductions within the service area
- Cost modeling: implementation, maintenance, and monitoring for 20 years
- Program design considerations: professional contracting, financing and accountability mechanisms to manage risk